



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 17, 2008

S. 2779

A bill to amend the Surface Mining Control and Reclamation Act of 1977 to clarify that uncertified states and Indian tribes have the authority to use certain payments for certain noncoal reclamation projects

*As reported by the Senate Committee on Energy and Natural Resources
on September 16, 2008*

CBO estimates that enacting S. 2779 would have no significant net impact on the federal budget. The bill could affect direct spending, but we estimate that any net changes would be insignificant in any year. Enacting S. 2779 would not affect revenues. S. 2779 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The Office of Surface Mining (OSM) provides a variety of grants and payments to states and Indian tribes to support activities to restore land and water resources that have been degraded by past mining practices. Because such grants and payments are not subject to annual appropriations, they are considered direct spending. Under current law, states and tribes receive one type of OSM grant based on historical levels of coal production. States and tribes that currently have backlogs of coal reclamation projects—so-called noncertified states—are obligated, under current law, to use that portion of their OSM grants exclusively for those coal projects.

S. 2779 would allow noncertified states and tribes to use those funds for noncoal reclamation projects as well. This change would not affect the total amount of funding that OSM would provide to states and tribes in the near term. Allowing noncertified states and tribes to pursue noncoal projects with funds currently dedicated to coal projects could accelerate outlays in the near term to the extent that such states and tribes expand their reclamation activities to include noncoal projects that they would otherwise initiate in later years after they complete coal reclamation. Based on information from OSM and affected states and tribes about the likely number and cost of projects, however, CBO estimates that any such increase in near-term spending would not exceed \$500,000 in any year.

Under current law, once states and tribes certify that they have completed all outstanding coal reclamation projects, they become eligible for other OSM payments, thereby increasing total OSM spending. CBO currently anticipates that several states and tribes will become certified over the next 10 years. If, under S. 2779, states and tribes substitute noncoal projects for coal projects in the near term and essentially delay their certification, total OSM spending in future years could be less than anticipated under current law. Based on information from OSM and affected states and tribes, however, CBO anticipates that any such reductions in future direct spending would be less than \$500,000 a year.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.